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**U.S. House of Representatives**  
**Committee on Financial Services**  
2129 Rayburn House Office Building  
Washington, DC 20515

December 6, 2004

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ROBERT U. FOSTER III  
STAFF DIRECTOR

American Bankers Association  
America's Community Bankers  
Consumer Bankers Association  
Credit Union National Association  
Electronic Check Clearing House Organization  
Financial Services Roundtable  
Independent Community Bankers of America  
National Association of Federal Credit Unions

Dear Financial Trade Association Leaders:

Enactment of the Check Clearing for the 21st Century Act (Check 21) last year began the process of increasing the efficiency and security of our nation's payments system in a way that holds enormous potential benefits for depository institutions and their customers. Real-time access to check images, a reduction in the time it takes to move checks among financial institutions, and strong consumer protections are all features of the new check-clearing system created by Check 21.

As the time period for the transportation of checks is reduced by greater electronic processing, simple fairness would seem to dictate that consumers should also realize the benefits of quicker access to their deposited funds. We understand that currently the check hold policies of many financial institutions are shorter than the timeframes established by the Federal Reserve's Regulation CC. Nevertheless, concerns have been raised that once Check 21 is fully effective, financial institutions will begin to clear the checks of individuals more quickly but will not shorten the hold periods for deposited checks.

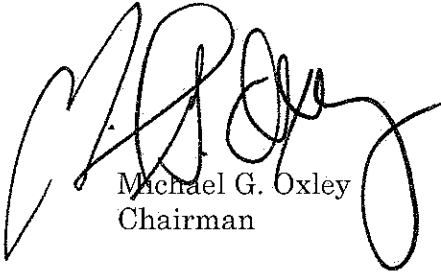
We recognize that check holds are important tools to prevent fraud and to ensure the integrity of the payments system; however, we also believe that the reduction in clearing times should result in a corresponding reduction in check hold times.

Holding a deposit to ensure its safety and soundness is reasonable, but holding a deposit in order to profit from the interest is completely unacceptable. The latter practice prevents consumers from realizing the benefits of their own assets, while creating an illegitimate revenue stream for financial institutions. It unfairly penalizes consumers and should be eliminated from the U.S. payment system.

We therefore urge your associations to address this issue and to work within current law and regulation to ensure that consumers are provided timely access to their funds. We

ask you to urge your members to hasten consumers' access to their deposited funds without further prompting from the Federal Reserve or Congress.

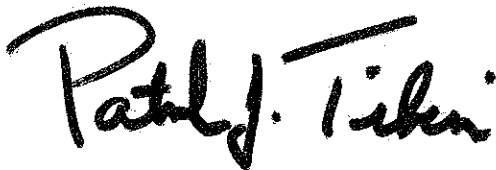
Yours truly,

A handwritten signature in black ink, appearing to read "M. Oxley", with a large, sweeping flourish extending from the end of the signature.

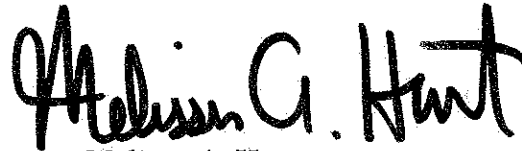
Michael G. Oxley  
Chairman

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Spencer T. Bachus  
Chairman  
Subcommittee on  
Financial Institutions  
and Consumer Credit

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Patrick J. Tiberi

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Melissa A. Hart

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ROBERT U. FOSTER III  
STAFF DIRECTOR

December 6, 2004

The Honorable Alan Greenspan  
Chairman  
Board of Governors of the  
Federal Reserve Board  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Chairman Greenspan:

The Check Clearing for the 21st Century Act (Check 21) became effective on October 28, 2004 and will undoubtedly bring great efficiencies to our nation's payments system. Within the next several months, checks will begin to clear more rapidly ensuring a more efficient, effective, and secure system.

Many people have voiced concern that banks will benefit from the increased speed of check delivery, but that there will not be a corresponding reduction in the amount of time that consumers wait for their checks to be cleared. It is my understanding that many banks currently have check hold policies that are much shorter than what is mandated by the Federal Reserve pursuant to Regulation CC.

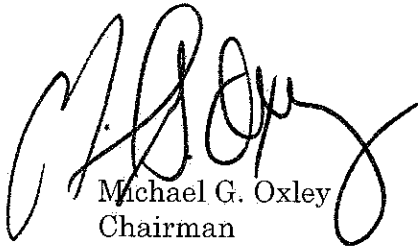
When this Committee considered Check 21, we included a provision that required the Federal Reserve to study the effect that the legislation will have on the speed of payments and whether the amount of time that a bank can hold a check should be reduced under the Expedited Funds Availability Act and Regulation CC. We are interested in the status of the Federal Reserve's efforts to date in designing the study and how long it will take to complete the study. We would like to have a meeting with the Federal Reserve staff by the end of February to discuss the status of the study.

We recognize that check holds are important tools to prevent fraud and to ensure the integrity of the payments system; however, we also believe that the reduction in clearing times should result in a corresponding reduction in check hold times.

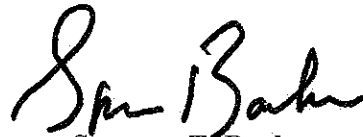
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The U.S. payments system has gone through many important changes over the past several years. Innovations such as Check 21 will ensure that our payments system remains one of the most dynamic in the world.

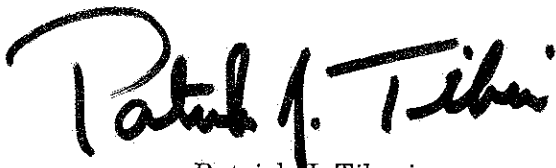
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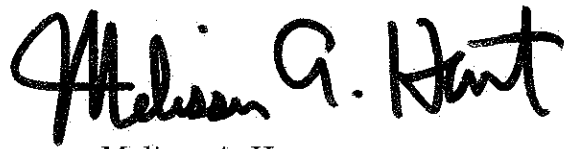
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Chairman

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